

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 TRSE-00 SCEM-02 INT-08 EB-11 COME-00

CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 USIA-12 AID-20 OMB-01

CIEP-02 OPIC-12 RSR-01 /138 W
----- 077643

R 160418 Z APR 73

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 6658

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

LIMITED OFFICIAL USE RANGOON 0870

E. O. 11652: N/ A

TAGS: EMIN BM

SUBJECT: BURMESE GOVERNMENT'S NEW OIL POLICY

REF: A. RANGOON 846, B. RANGOON 855

SUMMARY. ON BEING CABLED BY GULF OIL PITTSBURGH OF GUB'S NEW OIL POLICY (REF A), GULF'S SINGAPORE REPRESENTATIVE FLEW IMMEDIATELY TO RANGOON TO CLARIFY SITUATION. EMBOFFS TOLD HIM OF FURTHER INFO (REF B) WHICH PARTIALLY BUT NOT COMPLETELY ALLAYED HIS CONCERN. LEMBOFFS MADE CLEAR THAT IF GULF FELT GUB WAS NOT LIVING UP TO ITS EARLIER UNDERTAKINGS WITH COMPANY, IT WAS MATTER FOR GULF TO RE-SOLVE WITH MOC. END SUMMARY.

1. WILLIAM CONROY, GULF OIL REP SINGAPORE, CALLED AT EMBASSY APRIL 14, A BURMESE HOLIDAY, HAVING FLOWN FROM SINGAPORE ON RECEIPT TELEX FROM GULF PITTSBURGH CONVEYING GIST OF INFO REF A. EMBOFFS SUMMARIZED REF B WHICH PARTIALLY NUT NOT COMPLETELY ALLAYED HIS MAIN CONCERNS, WHICH WERE:
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(A) THAT GULF AND AMOCO HAD LAID EXTENSIVE AND COSTLY GROUND-WORK IN BURMA IN PAST FEW YEARS AND HAD IT NOT BEEN FOR THEIR

PIONEERING EFFORTS OTHER US COMPANIES WOULD NOT NOW BE ABLE TO GET INTO PICTURE AND POSSIBLY TAKE ADVANTAGE OF SITUATION.

(B) US NATIONAL INTERESTS REQUIRED THAT US COMPANIES IN EFFECT PLAY THE GAME SQUARELY SO AS NOT TO PERMIT CONTRACTS TO GO TO GERMAN AND JAPANESE INTERESTS.

(C) TRULY COMPETITIVE SITUATION WHICH MIGHT EXIST ELSEWHERE DID NOT APPLY IN SPECIAL CIRCUMSTANCES EXISTING IN BURMA.

(D) GULF GREATLY APPRECIATED EMBASSY'S "GOOD OFFICES" IN NEGOTIATING EARLIER GULF (AND AMOCO) CONTRACTS WITH GUB AND DID NOT WISH SEE ALL PREVIOUS EFFORTS COME TO NOTHING.

2. CONROY ALSO IMPLIED THAT IT WOULD BE CONTRARY TO US INTERESTS IF EMBASSY TOOK LINE THAT GUB'S NEW POLICY THREW OPEN OIL SITUATION HERE TO ANY US COMPANY WHICH WISHED ENTER BIDDING AT THIS LATE DATE. HE FEARED THIS "MUDDYING OF THE WATERS" MIGHT RESULT IN JAPANESE AND GERMANS PROFITING FROM THE SITUATION.

3. IN DISCUSSION AT EMBASSY AND LATER OVER LUNCH AT HOME OF EMB-OFF, WE MADE FOLLOWING POINTS:

(A) WE HAD BEEN PLEASED EXTEND GOOD OFFICES TO GULF AND AMOCO AND WOULD NATURALLY HAVE DONE SAME FOR ANY OTHER US OIL COMPANY WHICH MIGHT HAVE APPROACHED US.

(B) IT WAS HYPOTHETICAL AND PROBLEMATIC TO ASSERT AS CONROY HAD DONE THAT OTHER US OIL COMPANIES WERE NOW ABLE TO GET INTO ACT ONLY BECAUSE OF ADVANCE WORK DONE BY GULF AND AMOCO. HAD LATTER TWO COMPANIES NOT RECEIVED NOD FROM GUB, OTHER US COMPANIES MIGHT WELL HAVE DONE SO.

(C) IF GULF FELT THAT MOC IN ESTABLISHING NEW POLICIES WAS NOT LIVING UP TO ITS END OF THE BARGAIN, REMEDY LAY LARGELY IN GULF-MOC CHANNELS. AS HOST GOVERNMENT GUB COULD CHANGE GROUND RULES AT ANY TIME. WE UNDERSTOOD MOC HAD MADE NO COMMITMENT TO GULF RE FUTURE PROSPECTS AFTER EXPLORATORY WORK ACCOMPLISHED, BUT GULF KNEW MORE ABOUT THAT THAN WE DID.

(D) IN SITUATION NOW UNFOLDING, EMBASSY WOULD NATURALLY RENDER ALL APPROPRIATE ASSISTANCE TO ANY US COMPANIES WHICH MIGHT APPROACH IT.

(E) WE FULLY AGREED THAT US COMPANIES SHOULD NOT DESCEND UNANNOUNCED ON MOC'S DOORSTEP. MOC'S PLAN TO SEND TELEXES SPECIFIED LIMITED OFFICIAL USE

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IFYING DATES (REF B) SHOULD ELIMINATE THIS POSSIBILITY.

(F) MOC HAD IMPLIED TO US THAT GULF AND AMOCO HAD INSIDE TRACK. WE ASSUMED THAT IN INVITING GERMAN AND JAPANESE ENTITIES AND OTHER US COMPANIES TO BID FOR INITIAL BLOCKS MOC INTENTION MAY BE TO STRIKE BEST POSSIBLE DEAL IN EACH BLOCK BY SETTING COMPETITORS AGAINST EACH OTHER. IT ALSO POSSIBLE THAT MOC USING DEVICE OF OTHER US COMPANIES TO EXTRACT MOST FAVORABLE TERMS FROM GULF AND AMOCO.

4. CONROY EXPRESSED APPRECIATION FOR CLARIFICATION AND OUR MEETING CONCLUDED CORDIALLY. HE SAID GULF HAD COOPERATED IN JOINT VENTURES ELSEWHERE WITH OTHER US COMPANIES, AND DID NOT SEEM AVERSE TO IDEA HERE. CONROY ALSO THOUGHT IT POSSIBLE THAT SOME US COMPANIES, KNOWING OF WORK ALREADY DONE HERE BY GULF AND AMOCO, WOULD NOT TAKE UP MOC' S INVITATION TO SEND REPRESENTATIVES. HE SAID HE WOULD TRY TO CONTACT MOC DIRECTOR GENERAL DR. AUNG KHIN OR ONE OF HIS ASSISTANTS TO LET HIM KNOW OF HIS VISIT AND SAY HE ASSUMED GULF WOULD GET WORD SOON FROM MOC RE DATES FOR TALKS WITH GULF. CONROY RETURNED TO SINGAPORE MORNING OF APRIL 16 ALSO A BURMESE HOLIDAY.

4. COMMENT: (A) STATE OR COMMERCE APPARENTLY NOTIFIED GULF AND OTHER COMPANIES OF CONTENTS REF A BEFORE RECEIPT OF SUPPLEMENT-

ARY INFO IN REF B. IF SO, WE ASSUME THAT COMPANIES HAVE NOW BEEN GIVEN INFO IN REF B AND IN EFFECT TOLD TO SIT TIGHT UNTIL THEY RECEIVE WORD FROM MOC. OUR REQUEST THAT CONTENTS REF B NOT BE DISCLOSED TO COMPANIES WAS MADE ON ASSUMPTION THAT CONTENTS REF A WERE LIKEWISE BEING TREATED AS CONFIDENTIAL.

(B) GULF' S CONCERN AT COURSE OF EVENTS IS UNDERSTANDABLE, AND AMOCO WILL PROBABLY HAVE SAME REACTION. FROM VIEWPOINT OF THESE TWO COMPANIES WHICH WERE IN ON GROUND FLOOR, MATTERS ARE NOW DEVELOPING IN A WAY THEY MAY NOT HAVE ANTICIPATED. COMING MONTHS WILL REVEAL WHETHER THEIR PAST HEAVY EXPENDITURES OF RISK

CAPITAL HERE WILL PAY OFF OR NOT. FINAL GUB DECISION MAY NOT BE MADE UNTIL LATE IN YEAR.

(C) IT IS UNFORTUNATE THAT PLANNING MINISTRY AND MOC (WHICH IS UNDER MINES MINISTRY) DID NOT GET THEIR SIGNALS STRAIGHT WITH EACH OTHER, BUT HOPEFULLY OVERALL SITUATION IS NOW CLEAR TO US COMPANIES.

(D) EXACTLY HOW MOC WILL HANDLE TALKS WITH US COMPANIES WAS LIMITED OFFICIAL USE

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NOT DISCLOSED TO US, BUT WE ASKED TO BE KEPT GENERALLY INFORMED OF MOC' S PLANS. WE HAVE IMPRESSION THAT MOC IS DELIGHTED TO HAVE OBTAINED HIGH LEVEL GUB DECISION TO PROCEED ON INITIAL 3 (OR MORE) BLOCK AND EVENTUAL 17 BLOCK BASIS, BUT HAS NOT YET WORKED OUT MODALITIES OF THIS COMPLEX BUSINESS.

(E) FACT THAT PLANNING MINISTER U LWIN RATHER THAN MINES MINISTER COMMODORE THAUNG TIN DISCLOSED NEW POLICY MAY MEAN THAT U LWIN HAS BEEN GIVEN OVERALL SUPERVISORY RESPONSIBILITY FOR PROJECT AND WILL HOLD WATCHING BRIEF OVER MOC.

MARTIN

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